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Proposed programme budget for the biennium 2004-2005

Administrative and financial implications arising from the report of the Standing Committee of the United Nations Joint Staff Pension Board

Report of the Secretary-General

Summary

The report of the Standing Committee of the United Nations Joint Staff Pension Board on the administrative expenses of the United Nations Joint Staff Pension Fund to the General Assembly (A/58/214 and Corr.1) contains a number of recommendations that have implications for the budget of the United Nations. In accordance with the purpose of rule 153 of the rules of procedure of the General Assembly, the present report identifies financial implications that would arise for the regular budget should the Assembly adopt the recommendations submitted to it in the report of the Standing Committee.

The additional appropriation that would be required under the regular budget, after recosting arising from the recommendations of the Standing Committee, is estimated at $1,589,900.

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I. Introduction

1. In the proposed programme budget for the biennium 2004-2005 (A/58/6 (Sect. 1)), provisions were made, under Section 1, Overall policy-making, direction and coordination, for United Nations participation in the costs of the secretariat of the United Nations Joint Staff Pension Fund.

2. In paragraph 1.29 of the proposed programme budget for the biennium 2004-2005, it was indicated that at the time the programme budget was prepared, the 2004-2005 administrative budget of the United Nations Joint Staff Pension Fund for the biennium 2004-2005 had not yet been finalized and that, when finalized, it would still be subject to review by its Standing Committee and the General Assembly. Implications for the regular budget, if any, of action to be taken by the Standing Committee and the decision by the Assembly in connection with the 2004-2005 budget of the Fund would be the subject of a statement of programme budget implications that would be submitted to the Assembly during its consideration of the report of the Standing Committee.

3. In paragraph 1.26 of the proposed programme budget for the biennium 2004-2005, it was indicated that the estimated requirements of $6,556,400 ($6,896,300 at 2004-2005 rates) relates to the share of the regular budget in the expenses of the central secretariat of the United Nations Joint Staff Pension Fund, excluding reimbursements anticipated from United Nations funds and programmes (the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF)).

II. Implications to the United Nations of the report of the Standing Committee of the United Nations Joint Staff Pension Fund

4. The report of the Standing Committee of the United Nations Joint Staff Pension Board (A/58/214 and Corr.1) was issued in response to the proposals by the Chief Executive Officer of the Fund/Secretary of the Board. Based on the report of the Standing Committee, additional expenditures would need to be borne by the United Nations for the cost of the central secretariat of the Fund. The overall requirements amounting to $14,045,800 represents the United Nations share in the administrative and audit costs related to the Fund.

5. The additional requirements arise from staffing changes in the proposed budget of the Fund and increased requirements for audit costs, computer-related maintenance and services and rental of premises. The major increase, however, is related to increased requirements associated with the relocation of the Fund to new premises.

6. Changes to the staffing component include the establishment of six new posts, reclassification of five posts and conversion of two temporary posts to established posts to deal with the increased activities associated with the overall growth in the number of participants and beneficiaries. The growth in audit costs relates to the comprehensive work plan proposed by the Office of Internal Oversight Services for the biennium 2004-2005. With respect to increased requirements under computer-related maintenance and services, this is attributable to the use of the services of the International Computing Centre and the cost of consulting services.

7. As regards requirements for rental of premises, at the time of the preparation of the budget estimates of the Fund, the assumption was made that the Pension Fund secretariat would relocate outside the United Nations Secretariat as of January 2004. Accordingly, the estimated requirement under rental of premises included provision of office space for the Fund for 24 months, calculated using a rental rate of $59 per square foot. However, based on latest information available, the proposed date of relocation of the Fund will be delayed into the early part of 2004. Bearing in mind the likelihood of a rent-free period, to be provided by the prospective landlord of up to six months, including a provision of a lower rental rate of $45 per square foot, there may be reduced requirements for the rental of premises.

8. Taking the aforementioned into consideration, the revised overall requirements for the United Nations, as reflected in paragraph 4 above, would be revised downward, to $13,055,700. Based on established procedures, this revised overall amount would be shared among the regular budget of the United Nations and of the United Nations funds and programmes. As reflected in paragraph 1.26 of the proposed programme budget for the biennium 2004-2005, the distribution would require that an estimated 58 per cent of that amount be attributed to the regular budget, with the balance to be reimbursed by the funds and programmes. However, based on the latest data on the number of participants in the Fund, against which the percentage is derived, the above percentage would need to be revised to 65 per cent.

9. In applying the revised distribution rate, 65 per cent to the revised overall requirements of $13,055,700, an amount of $8,486,200 (at 2004-2005 rates), would represent the revised regular budget share as compared to $6,896,300 (at 2004-2005 rates) already included under section 1 of the proposed programme budget. In this connection, an additional requirement in the amount of $1,589,900, reflecting the difference between the previously budgeted amount of the regular budget share and the revised requirements, would need to be included under section 1 of the proposed programme budget for 2004-2005.

III. Action required from the General Assembly

10. Should the General Assembly approve the recommendations of the Standing Committee of the United Nations Joint Staff Pension Board, the revised overall requirements that would arise for the Organization are estimated at $13,055,700 (at 2004-2005 rates). Of the total requirements for the biennium 2004-2005, the cost to the regular budget would amount to $8,486,200 and the balance of $4,569,500 would be reimbursed to the United Nations by UNDP, UNFPA and UNICEF.

11. Accordingly, should the General Assembly endorse the recommendations of the Standing Committee of the United Nations Joint Staff Pension Board, an additional appropriation of $1,589,900 would be required under Section 1, Overall policy-making, direction and coordination, of the proposed programme budget for the biennium 2004-2005. The provision would represent a charge against the contingency fund and, as such, would need to be considered in the context of the review by the Fifth Committee of the consolidated statement of potential charges to the contingency fund before approval of any increase in appropriation for the biennium 2004-2005.